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Improving the financial situation of the United Nations

Improving the financial situation of the United Nations

Report of the Secretary-General

Addendum

Summary

The present report reviews the Organization's financial situation as at 31 December 2012 and 30 April 2013 and provides an update to the information presented in the previous report of the Secretary-General (A/67/522).

The report focuses primarily on four main financial indicators: assessments issued; unpaid assessed contributions; available cash resources; and the Organization's outstanding payments to Member States.

At the end of 2012, unpaid assessments were lower than they had been at the end of 2011 for all categories except the tribunals. The level of outstanding payments to Member States had slightly improved and the cash position was positive across all categories except the regular budget. The Working Capital Fund adequately covered the shortfall in regular budget cash at 31 December 2012.

As at 30 April 2013, the cash position was positive for all categories, although it is expected that the regular budget cash situation will tighten in the second half of the year. The final outcome of the year will depend on Member States meeting their financial obligations to the Organization in full during the remainder of the year.

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I. Introduction

1. The present report updates the information on the financial situation of the United Nations contained in the previous report of the Secretary-General (A/67/522). It also provides a review of the Organization's financial situation as at 31 December 2012 and 30 April 2013.

2. In the present report the financial situation of the United Nations is considered on the basis of the four main financial indicators that have traditionally been used to measure the strength of the Organization, namely, assessments issued; unpaid assessed contributions; available cash resources; and the Organization's outstanding payments to Member States.

II. Review of the financial situation

3. The financial situation of the Organization on 31 December 2012 reflected decreases in the level of assessments for all categories compared to the previous year. There were no new assessments for the capital master plan in 2012. At the end of 2012, the levels of unpaid assessments were lower than they had been at the end of 2011 in all categories except for the tribunals. The cash position at year-end was positive in all areas except for the regular budget and there had been some improvement in the level of outstanding payments to Member States.

A. Regular budget

4. In 2012, assessments were issued for the regular budget at a level of $2.4 billion, $3 million below the level issued in 2011. Unpaid assessed contributions as at 31 December 2012 totalled $327 million, $127 million below the unpaid amount of $454 million at 31 December 2011. The outstanding amount of $327 million at the end of 2012 was significantly lower than the amount of $855 million last reported to the General Assembly as at 5 October 2012.

5. In 2013, regular budget assessments have been issued at a level of $2.6 billion. As at 30 April 2013, $1.4 billion was still outstanding for the regular budget for 2013 and prior years. The amount continues to be concentrated, with approximately 91 per cent owed by five Member States.

6. By the end of 2012, a total of 143 Member States had paid their regular budget assessments in full, matching the level reached the year before. The Secretary-General wishes to thank the 143 Member States that honoured their obligations to the regular budget in full by 31 December 2012 and invites all other Member States to pay their assessed contributions in full as soon as possible.

7. As at 30 April 2013, a total of 76 Member States had paid their assessments to the regular budget in full. This is 16 fewer than had done so as at 7 May 2012, the cut-off date for last year's presentation. Again, the Secretary-General wishes to pay tribute to these 76 Member States for their support to the work of the Organization and invites other Member States to follow their example.

8. Cash resources available for the regular budget under the General Fund include the Working Capital Fund, authorized periodically by the General Assembly,

and the Special Account. At the end of 2012, there was a shortfall of $35 million in regular budget cash, which was fully covered by the $150 million available in the Working Capital Fund.

9. As at 30 April 2013, the regular budget cash balance had increased to $654 million, reflecting the receipt of contributions at the beginning of the year with expenditures to be spread throughout the year that will make the cash position face a cyclical downward movement in the second half of the year. Further, towards the end of 2013, the cash flow is expected to be much tighter than in previous years. It is recalled that only a portion of the regular budget recosting for 2012 has been approved and that consideration of the remaining requirements has been deferred until the end of 2013. In addition, the General Assembly authorized the use of the Working Capital Fund as a cash-flow bridging mechanism to cover expenditures for repair works relating to storm Sandy pending the receipt of insurance settlements. Both of these factors will put pressure on the cash situation of the regular budget in the second half of 2013. As at 30 April 2013, it had not been necessary to utilize the Working Capital Fund. The cash position will continue to be monitored closely and reported to the General Assembly on a regular basis.

B. Peacekeeping operations

10. The changing demand for peacekeeping activities makes it hard to predict the financial outcomes. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than from 1 January to 31 December; assessments are issued separately for each operation; and, since assessment letters can only be issued through the mandate period approved by the Security Council for each mission, they are issued for different periods throughout the year. All of these factors complicate a comparison between the financial situation of peacekeeping operations and those of the regular budget and the tribunals.

11. The total amount outstanding for peacekeeping operations at the end of 2012 was $1.3 billion, roughly half of the $2.6 billion outstanding at the end of 2011. This year-end decrease in unpaid assessments was, in large part, related to a lower level of peacekeeping assessments for the 2012/2013 fiscal year, pending approval of a new scale of assessments for 2013.

12. The total outstanding amount of $1.3 billion at the end of 2012 reflected a considerable decrease from the $1.9 billion that had been reported to be outstanding in October 2012. More recently, as at 30 April 2013, new assessments of $3.5 billion were issued and the total balance outstanding amounted to $1.5 billion. About 71 per cent of this outstanding amount was concentrated among five Member States.

13. As at 31 December 2012, 37 Member States had paid all peacekeeping assessments, which is 8 States more than had done so by the end of 2011. Owing to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be difficult for Member States to keep fully current with them. In this connection, the Secretary-General wishes to give special thanks to Australia, Austria, Burkina Faso, Canada, China, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Finland, Germany, Hungary, Iceland, Ireland, Israel, Italy, Kazakhstan, Latvia, Madagascar, Mexico, Monaco, Netherlands, New Zealand, Niger, Norway, Philippines, Poland, Republic of Korea, Republic of Moldova, Romania, Singapore, Solomon Islands, Sweden, Switzerland and Tuvalu.

14. As at 30 April 2013, the number of Member States that had paid all peacekeeping assessments was 32. The Secretary-General would like to pay special tribute to Andorra, Australia, Austria, Canada, Costa Rica, Czech Republic, Denmark, Finland, Georgia, Germany, Ghana, Iceland, Ireland, Israel, Italy, Kuwait, Latvia, Lesotho, Luxembourg, Mexico, Monaco, Netherlands, New Zealand, Norway, Republic of Korea, Republic of Moldova, Russian Federation, Singapore, South Africa, Switzerland, Thailand and Zimbabwe.

15. Although the total cash available for peacekeeping at the end of 2012 was over $2.7 billion, it was divided among the separate accounts maintained for each peacekeeping operation and there are restrictions on the use of this cash among missions. In its resolutions on the financing of peacekeeping operations, the General Assembly has specified that no peacekeeping mission should be financed by borrowing from other active peacekeeping missions. In addition, the terms of reference of the Peacekeeping Reserve Fund restrict its use only to new operations and expansions of existing operations. The cash available at the end of 2012 comprised of $2,267 million in the accounts of active missions, $338 million in the accounts of closed missions and $125 million in the Peacekeeping Reserve Fund.

16. Concerning outstanding payments to Member States, the amount owed for troops, formed police units and contingent-owned equipment at 31 December 2012 was $525 million, reflecting a decrease from the $529 million owed at the start of the year.

17. As at 30 April 2013, the total amount owed to Member States was $745 million, of which $308 million was for troops and formed police units and $437 million was for contingent-owned equipment claims.

18. In addition, as at 30 April 2013, $64 million was owed for letters of assist and $1 million for death and disability claims. Consequently, total outstanding payments to Member States amounted to $810 million as at 30 April 2013.

19. Also as at 30 April 2013, payments for troops and formed police unit costs were current up to January/February 2013 for all active missions, except for the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Interim Security Force for Abyei (UNISFA), the United Nations Peacekeeping Force in Cyprus (UNFICYP) and the United Nations Integrated Mission in Timor-Leste (UNMIT), owing to insufficient cash levels for those missions. Payments for contingent-owned equipment were current up to December 2012 for all active missions, except for the above-mentioned missions (MINURSO, UNFICYP, UNISFA and UNMIT).

20. On the basis of currently available information, the outstanding payments to Member States (excluding letters of assist and disability claims) are expected to decrease to $496 million by the end of 2013. This is $29 million less than at the end of 2012. The Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible. The cash situation is monitored closely and continuously in order to maximize quarterly payments to Member States based on cash availability; however, the Organization continues to depend on Member States honouring their financial obligations in full and on time, as well as on the expeditious finalization of memorandums of understanding with troop contributors for the provision of equipment.

C. International tribunals

21. The overall financial position of the international tribunals at the end of 2012 reflected a higher level of unpaid assessments compared to the year before. Outstanding assessments amounted to $36 million at the end of 2012, while the amount at the end of 2011 was $27 million. Assessments for the International Residual Mechanism for the Criminal Tribunals were issued for the first time in 2012.

22. The number of Member States paying their assessed contributions for the international tribunals in full by the end of 2012 was 104, 1 State fewer than the level reached at the end of 2011. The Secretary-General wishes to express sincere thanks to the 104 Member States that paid their assessed contributions in full by 31 December 2012 and urges other Member States to follow their example.

23. As at 30 April 2013, outstanding assessments for the tribunals amounted to $178 million. By this date, 41 Member States had paid their assessed contributions to the tribunals in full. The month-by-month position of cash balances for the tribunals was positive in 2012 and has been positive so far in 2013. Clearly, the final outcome of 2013 will depend on Member States continuing to honour their financial obligations to the tribunals.

D. Capital master plan

24. A total of $1.87 billion was assessed under the special account for the capital master plan. The bulk of the assessed contributions were received by 30 April 2013, with $3 million still outstanding.

25. Cash balances for the capital master plan were positive up to 30 April 2013. As at that date, 158 Member States had paid their capital master plan assessments in full. The Secretary-General wishes to express his gratitude to those 158 Member States and urges the other Member States to make their payments before the completion of the capital master plan.

III. Conclusions

26. The overall financial situation of the Organization at the end of 2012 was healthy, thanks to the positive efforts by Member States. Unpaid assessments were lower at the end of 2012 than they were at the end of 2011 for all categories except the tribunals. The level of outstanding payments to Member States also showed improvement at the end of 2012 and is expected to decrease further at the end of 2013. The Organization has been making every effort to expedite outstanding payments to Member States and will continue to do so.

27. The cash position is currently positive for all categories. However, the regular budget situation will be considerably tighter towards the end of the year. The Organization will continue to monitor the cash situation closely and will strive to manage resources prudently.

28. The Secretary-General wishes to pay a special tribute to the 29 Member States that paid in full all assessments for the regular budget, the international tribunals,

the peacekeeping operations and the capital master plan that were due and payable as at 10 May 2013: Andorra, Australia, Austria, Canada, Costa Rica, Czech Republic, Denmark, Finland, Georgia, Germany, Iceland, Ireland, Israel, Italy, Kuwait, Latvia, Lesotho, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Republic of Korea, Saint Lucia, Singapore, South Africa, Sweden, Switzerland and the United Republic of Tanzania. Other Member States are urged to follow the example of those countries.

29. As always, the financial health of the Organization depends on Member States meeting their financial obligations in full and on time.